

Mexico: Sources of External Financing 1986-87

(Billions of Dollars)**Source**

Commercial Banks	6.0
IMF	1.5
World Bank	1.9
Japanese Commitment	1.0
Other	1.6

Total	12.0
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Talking Points for the ADDI

28 July 1986

Morocco-Israel: The Hassan-Peres Meeting

King Hassan almost certainly undertook the initiative with Israeli Prime Minister Peres realizing that there were risks involved in his relations with the Arab world. Nevertheless, he probably felt this would get relations with Washington back on track.

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to

- Hassan probably believed that unless he brought something with him, his visit to Washington would be little more than a forum for attacking his ties with Libya.
- The King envisions himself as an international statesman and believes his position as chairman of the Arab League and the Islamic Conference Organization made him uniquely qualified to broker a peace settlement. He probably took the initiative in the Peres visit to show Washington that he is a viable alternative to King Hussein whose effort is faltering.
- He probably hoped to parlay his meeting into long term economic assistance from the United States, much like the late Egyptian President Sadat did in 1977.
- The Moroccans were generally surprised by the meeting but have made no significant criticism of the King's initiative. The regime, nevertheless, is taking precautions to prevent violence among university students and other sources of fundamentalist support.

Libya

recov.
aid
like
Egypt

25X1

Israeli leaders--including Peres himself--had no illusions that the talks would lead to negotiations for Middle East peace.

- Vice Prime Minister Shamir and other Likud figures--who strongly oppose Peres's advocacy of a West Bank territorial compromise--have not criticized his meeting with Hassan, suggesting they see little chance of progress toward negotiations soon.
- Peres undoubtedly made clear his preference--and that of his Labor Party--for a territorial compromise with Jordan on the occupied West Bank, but at the same time,

Likud
OK

25X1

25X1

25X1

Peres probably explained the constraints on Israeli flexibility, particularly the Israeli public consensus shared by the Labor Party against a return to the pre-1967 borders and negotiations with the PLO. [redacted]

25X1

Nevertheless, Peres's domestic image will improve as a result of the meetings, particularly since media commentaries have focused on the positive results of the dialogue itself rather than on the substance of the talks.

Peres
strengthens
(media)
purpose
legitimacy

- In public interviews, Peres has emphasized that his talks with Hassan as head of the Arab League not only will improve Israel's relations with Morocco, but also will boost Israel's legitimacy in the Arab World.

- [redacted] further contacts with Morocco--possibly including more visits--are possible, a development the Israeli public strongly supports.

- Tel Aviv also probably views Syria's failure to pressure the rest of the Arab world to take harsh measures against Morocco as further isolating Damascus. [redacted]

isolate
Syria

Although Arab reaction has generally been muted some retaliatory acts by Arab radicals are likely.

Syria was quick to sever relations with Morocco and has since worked furiously to marshall Arab opposition to the summit meeting. Air ties have been severed with Rabat and the Syrian press has lashed out at King Hassan as another Sadat.

Syria
no
ties
25X1

[redacted]

alert

Syria's inclination to punish Morocco through terrorism probably will depend on Damascus' perception of Hassan's willingness to pursue closer ties with Israel. Some operations by pro-Syrian radicals are almost certain.

25X1

-- [redacted]

- Syrian troops in West Beirut did nothing to prevent the mob attack on the Moroccan Embassy there last Friday.

*

- The Syrians are unhappy with Libya's weak response and will press Tripoli to follow their lead. [redacted]

25X1

25X1

25X1

Libya almost certainly feels betrayed by Hassan but Tripoli has publicly reaffirmed its commitment to the Morocco-Libya Union.

- Behind Qadhafi's reluctance to end the union or to break relations is his recognition that a reduction in the Libyan presence in Morocco would seriously undermine his capabilities for subversion.
- Qadhafi probably will feel compelled to undertake some retaliatory measure against Hassan.

25X1
25X1

Algeria condemned Morocco but while welcoming any increasing discomfiture in Rabat will probably only pay lip service to Syria's demands for breaking ties with Morocco.

Jordan's King Hussein probably is concerned that Hassan's move will widen the rift between Arab moderates and thereby jeopardize his recent diplomatic efforts to create a coordinated Arab strategy on the peace process. Jordan issued a low-key public statement on the meeting that claimed Amman was caught by surprise but neither condemned nor supported the talks.

- Our Embassy in Amman reports senior Jordanian officials are worried that Syria's break in diplomatic relations with Morocco will complicate efforts by Hussein and by Assad to replace Arafat as leader of the PLO.

25X1

Arabs
notably
gr-25X1

25X1

25X1

SUBJECT: Morocco-Israel: The Hassan-Peres Meeting

Distribution:

1 - ADDI
1 - NIO/NESA
1 - D/NESA
1 - DD/NESA
1 - NESA/AI
4 - NESA/AI/M&I

DDI/NESA/AI/M&I/ 28 Jul 86

25X1

25X1

25X1

Talking Points for the ADDI

28 July 1986

Sudan: Increase in Southern Insurgent Activity
and Its Implications

In Sudan, the insurgents in the south are beseiging garrisons in all three southern provinces and expanding probe attacks northward. The rebels probably have calculated that intensified attacks will increase domestic pressure on Prime Minister Sadiq al-Mahdi to meet their demands and undermine Sadiq's diplomatic efforts to undercut their external support.

South
beseiged

25X1

--For more than a week, the rebels have closed the airport in Juba--the south's major city and army garrison. The food situation in the south continues to deteriorate because of the fighting and the refusal of Khartoum and the rebels to honor a food truce.

Juba

25X1

--Prime Minister Sadiq, hoping to prevent a major embarrassment to his fledgling government and yet another blow to Army morale, two weeks ago authorized the Libyans to use the TU-22 they have deployed to Khartoum to bomb rebel-held positions in the mountains north of Juba.

Libya
bombing

25X1

--Meanwhile, the rebels released two US nuns unharmed Thursday after holding them near Juba for five days; no official US personnel remain in Juba but there is a large US and Western missionary presence and some UN personnel.

no official
Americans

25X1

Prime Minister Sadiq's efforts at dialogue with the rebels has shown no real progress and his speech to the National Assembly early this month did little to meet rebel preconditions for negotiations.

25X1

--Sadiq said he will repeal former President Nimeiri's Islamic laws but also stated he will replace them with new ones.

no
rebel
talks

25X1

25X1

25X1

--He was vague about suspending the state of emergency and the military agreements with Libya and Egypt. []

25X1

--His plans to complete elections in the south--where more than half the region failed to vote in April because of the fighting--fail to meet rebel demands. that the Sadiq government resign in favor of an interim government that would oversee new national elections. []

25X1

Sadiq's efforts to cajole neighboring states into cutting off support for the rebels may have been undercut by the increase in rebel activity and the image of rebel military superiority. []

25X1

--In talks expected this week at the OAU summit in Addis Ababa, Sadiq's position is weakened in any possible meeting with rebel leaders or those planned with their Ethiopian supporters. []

neighbors
w/ 25X1
cooperative

--Chairman Mengistu probably will be less willing to agree to Sadiq's plan to end support to each other's insurgents while the southern Sudanese rebels retain the military upperhand. []

25X1

--Sadiq may also have set back recent moves to persuade Kenya and other Central African states to help end the insurgency when he authorized the use of Libyan bombers. []

Libya 25X1
future 25X1

Both the Soviet Union and Libya may have opportunities for additional inroads in Sudan in coming months because ending, or at least containing, the insurgency is Sadiq's top priority. []

--Sadiq plans a trip to the Soviet Union next month in part to burnish his nonaligned credentials, but mainly to enlist Moscow's help to pressure Ethiopia to end support to the rebels and to request economic and military assistance. []

Soviet
trip 25X1
no

--Moscow probably will claim it has little control over Mengistu on the rebel issue--which we believe to be the case--but might tell Sadiq that it will raise the topic with Mengistu. It probably will offer some economic aid to Sudan but may be cautious in offering more than spare parts for old Soviet military equipment. []

Ethiopia

25X1

--Meanwhile, the perceived need for direct Libyan military support to fight the rebels is causing Prime Minister

25X1

[REDACTED] 25X1

Sadiq to procrastinate on US demarches urging expulsion of suspected Libyan terrorists. [REDACTED]

25X1

Although Khartoum values its US connection, it recognizes that Washington has no leverage on the rebel issue and may view the drawdown of US personnel over the Libyan threat and cut this year in US economic and military aid programs as a scaledown in commitment to Sudan. [REDACTED]

25X1

[REDACTED] 25X1

Government Garrisons Held or Besieged by Rebels



25X1

Beirut PLO vs Syria
 Hizballah
 Jumblatt
 Amal

Talking Points for the ADDI

28 July 1986

Lebanon: Syrian Troop Deployment in West Beirut

We believe the Syrian decision to send troops into West Beirut on July 4th was primarily intended to counter the growing presence of pro-Arafat Palestinian fighters in the city. Damascus has become increasingly alarmed that Arafat loyalists are forming alliances with Lebanese factions--some allied with Syria--that could undermine Syria's goals there. President Assad has been particularly concerned, moreover, by the developing ties between the Arafat loyalists and the Iranian-backed radical Shia Hizballah.

--Hizballah has supported the Palestinians in the so-called Camps War against the rival Amal Shia militia--Syria's most important Lebanese ally-- in return for weapons and material aid. Lebanese Druze leader Walid Jumblatt has also aided the return of the Palestinian fighters through the illegal port of Khaldah in return for cash.

--The number of Syrian military personnel in West Beirut has gradually increased to about 1,500. Syria is probably prepared to send several hundred additional Special Forces units and regular military personnel wearing civilian clothes or Lebanese Army uniforms into West Beirut. Even then, however, we believe that the number will remain insufficient to impose or maintain sustained security among West Beirut's rival militias.

--Damascus hopes to intimidate the Druze and Hizballah and thereby dry up the PLO presence by cutting off their route of resupply. Damascus is likely to continue avoiding any direct military engagement with militias on both sides of the Green Line.

The Syrian troops are likely to face stiff opposition if they try to permanently occupy and police Hizballah and Druze held areas.

--The second phase of the Syrian security plan calls for the expansion of the original deployment to include the southern suburbs of Beirut-- a key Hizballah

isolate
PLO

South
suburbs

25X1

stronghold--and, ultimately, parts of the Druze heartland in the Shuf.

25X1

Amel
split

In the long run, [redacted] Syria may also be willing to send additional forces to Sidon if needed to restrict pro-Arafat infiltration there. We do not rule out the possibility, moreover, that ultimately Syrian forces in West Beirut may be used to bolster Muslim attacks on Christian East Beirut if Syria ever implements its long delayed plan to bring down Amin Gemayel's Presidency.

25X1

--At this stage, however, Syria still has its hands full just pacifying West Beirut.

--Damascus probably prefers to keep pressure on the Christians via terrorism for now; yesterday's car bomb in East Beirut was the seventh this year.

The Syrian deployment probably will have only a limited impact on the remaining US hostages.

--We believe that conducting thorough searches for the hostages is beyond the capability of the current Syrian force, [redacted]

host
25X1
25X1
impact

--The Syrian deployment clearly has made Hizballah more concerned about a possible Syrian crackdown, however, and may have been one of the factors in the decision to release Father Tenco.

(danger)
?

--Intense Syrian-Hizballah clashes could endanger the
hostages.

25X1

SUBJECT: Lebanon: Syrian Troop Deployment in West Beirut

Distribution:

1 - ADDI

1 - NIO/NESA

1 - D/NESA

1 - DD/NESA

1 - NESA/AI

3 - NESA/AI/L

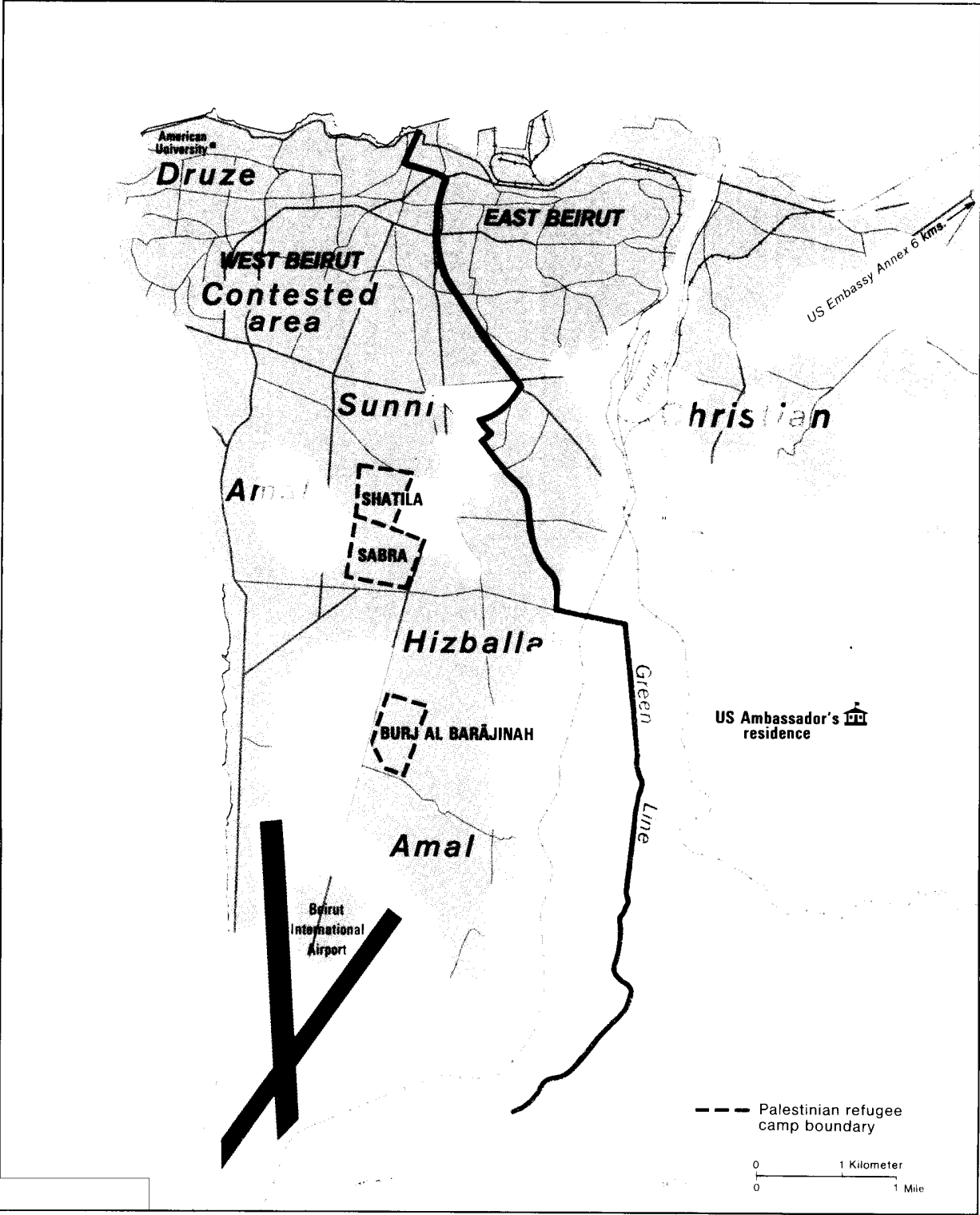
DDI/NESA/AI/L/[] (28 Jul 86)

25X1

25X1

25X1

Militia-Controlled Neighborhoods in Beirut



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25X1

25X1

